

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA**
Alexandria Division

In re:

JEANNETTE F. ALEXANDER,

Debtor.

Case No. 06-10055-RGM
(Chapter 13)

MEMORANDUM OPINION

THIS CASE was before the court on April 12, 2006, on the objection of Piper Lending & Acquisitions, Inc., dba Absolute Title Loans, to the confirmation of the debtor's chapter 13 plan.

Piper Lending & Acquisitions, Inc., filed proof of claim number 2 on February 13, 2006, which asserts a secured claim of \$3,311.62. It asserts that the claim is secured by a lien on a motor vehicle. The attachment to the proof of claim states that the principal amount due as of the date of the petition was \$2,943.84 and that the interest due was \$367.78. The loan agreement, promissory note and security agreement was also attached. It reflects that the debtor borrowed \$3,000.00 on June 17, 2005. This was a 24-month loan. The monthly payments were \$610.68. The total finance charge during the 24-month period was to be \$11,642.04, with total payments of \$14,657.04. The total payments included a \$15.00 fee for filing the lien on the title of the vehicle. The annual percentage rate reported on the disclosure form was 240% per annum. The creditor requests that its claim be allowed in the amount of \$10,393.80 (which would include unmaturred interest not allowable under 11 U.S.C. §502(b)(2)) together with interest at 8½% until paid. There is no pre-payment penalty.

Payment of the requested claim proportionateley with other claims over the term of the plan will have a disproportionate negative impact on all other creditors in this case. Such payment in accordance with the terms provided in the original agreement are not equitable in light of the present

circumstances. The equitable resolution is to pay this creditor in full first before any other creditors are paid so as to effect a pre-payment. The monthly payments proposed by the debtor should allow this claim to be paid within four to five months. The delay in paying other creditors is clearly outweighed by the benefit they receive by disposing of this particular loan.

The proposed plan will be denied confirmation. The debtor will have the right to file an amended plan. The amended plan will provide for the pre-payment of this debt in the amount of its filed proof of claim (\$3,311.62) together with interest at the rate of 8½ % until paid. Upon payment of this amount, the debt will be satisfied and the lender will release its lien on the title of the vehicle.

DONE at Alexandria, Virginia, this 13th day of April, 2006.

/s/ Robert G. Mayer
Robert G. Mayer
United States Bankruptcy Judge

Copy electronically to:

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